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SUBJECT: (SBU) Argentina Sees Fuel Bank Proposal as Interesting but Premature

REF: STATE 117710

¶1. (SBU) Argentine Foreign Ministry Director for International Security, Nuclear and Space Affairs (DIGAN), Gustavo Ainchil, told Political Officer November 20 in response to reftel points that Argentina was not prepared to support the Angarsk Nuclear Fuel Bank proposal at the IAEA. Ainchil said that while fuel banks might well be a viable solution to future challenges in addressing secure nuclear fuel supply, the proposal appeared premature to Argentina. The GOA appreciated that Russia and the United States were working together to support the proposal, he said, but it also did not see a pressing need to move forward at present. "The market seems to be working pretty well," he noted.

¶2. (SBU) Ainchil shared that Argentina's technical agencies, the Nuclear Regulatory Commission (ARN) and the National Atomic Energy Commission (CNEA), were critical of the proposal, principally reflecting the fears of Argentina's nuclear industry. That sector, which has emerged as a small but globally competitive provider of technology, is concerned that establishment of the fuel bank could have a significant effect on global nuclear energy and fuel markets, possibly to its disadvantage. For Argentina to support such a proposal, Ainchil said, much more detailed studies of how it might impact the nuclear fuel market would be required.

¶3. (SBU) Ainchil also noted that through the end of the calendar year Argentina's representative will be representing the G-77, which as a group has significant concerns about moving forward on the Angarsk proposal. "There is a great deal of suspicion" among the G-77 at the IAEA right now, he added, and proposals such as this required greater consensus-building and study.

¶4. (SBU) Comment: The GOA understands our case that the fuel bank proposal does not entail or imply a diminution of its or other countries' rights under the NPT, but it remains sensitive along with the G-77 to any surrender of prerogatives. Probably the more tangible concern, however, is uncertainty about how a fuel bank could affect the global market. Any additional available information addressing likely market impacts would be useful to us in dialogue with the GOA.
MARTINEZ